

TESTIMONY OF DRY PRAIRIE RURAL WATER
HOUSE BILL 2

EXHIBIT 10
DATE 1/09/09
HB 11

Mr. Chairman and members of the subcommittee, my name is Mike Watson, and I am the project engineer for Dry Prairie Rural Water. Clint Jacobs, the manager of Dry Prairie, would have been here this morning if not for an ice storm in northeastern Montana. He asked that I provide you with an update on the status of the Dry Prairie Project. Additionally, he wanted you to know that Dry Prairie supports the \$8 million from the TSEP regional water program for the upcoming biennium as proposed by the Department of Natural Resources and Conservation.

Dry Prairie was authorized by Congress in October 2000 as the off reservation component of the Fort Peck Reservation Rural Water System (PL 106-382). This was the first rural water project authorized in Montana. The Assiniboine and Sioux Tribes invited us into the project during the planning phases, shared their reserved water rights with us and have brought great leadership in partnership to the project. We thank them for their foresight.

The Montana Legislature unanimously authorized the TSEP Regional Water account at about the same time. The TSEP Regional Water account provides the State share of construction costs. We thank the Montana Legislature for its vision.

Since authorization, the Assiniboine and Sioux Rural Water System and Dry Prairie Rural Water have received 8 years of federal appropriations totaling \$54 million of which Dry Prairie has received \$15 million. Thanks to the TSEP Regional Water fund, the State of Montana has provided about \$2.75 million in non-federal cost share. Our Public Law provides that 76% of total construction costs of Dry Prairie, estimated at \$111 million in October 2008 dollars, will be funded by federal appropriations and 24% will be funded by non-federal sources. The TSEP Regional Water fund has been crucial to Dry Prairie.

Despite the slow progress of federal appropriations, Montana has kept up its funding obligations, Dry Prairie has been able to build considerable infrastructure in Roosevelt County. The towns of Froid, Medicine Lake and Bainville and 250 rural water users are receiving high-quality drinking

water for the first time. Everyone likes the water. No one complains about the price, which averages about \$40 per month. At least a small number of rural homes are being constructed where water would not have been available previously. A 100 MW power generation plant is being built that could not have been sited in the area without water from Dry Prairie. Froid and Medicine Lake are ecstatic that they are no longer required to operate small reverse osmosis systems or package water treatment plants. Those towns are now in compliance with Montana drinking water standards.

Dry Prairie is prepared to begin new construction in 2009 in Valley County and bring high quality water to another 250 rural users. We are working jointly with the Tribes to bring water from Dry Prairie on an interim basis to the Reservation community of Fort Kipp where the community water supply is undrinkable.

We will expend our remaining TSEP funds of about \$840,000 on these projects before June 2010. Dry Prairie will need an additional \$1.5 million to \$2 million in TSEP funds before the end of the biennium. Therefore, Dry Prairie supports the DNRC request for \$8 million for regional water projects during the upcoming biennium.

Dry Prairie wishes me to thank you for the opportunity to present its testimony. I am available to answer any questions.